

The Punjab Chemical Works Rules, 1933

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Section A Definitions

1. The words "Chemical Works" means the premises or part of the premises approved and licensed by the Financial Commissioner for the manufacture of medicinal and the other preparations containing alcohol under bond and for the storage of alcohol and finished preparations containing alcohol on which duty has yet to be paid. The instructions for the management of distilleries published in the Punjab Distillery Rules, shall apply to Chemical Works in such of their details as are not provided for in the following rules and to such extent as the Financial Commissioner may from time to time direct.
2. "Spirit Store" means that part of the Chemical Works which is set apart for the storage of rectified Spirit.
3. "Laboratory" means that part of the Chemical Works in which the actual manufacture of medicinal and other preparations containing rectified spirit takes place.
4. "Warehouse" means that part of the Chemical Works in which finished preparation containing rectified spirit, on which duty has not yet been paid, are stored.
5. "Rectified Spirit" means spirit of the strength of 43 degrees or more overproof.
6. "Officer-in-Charge" means an officer of the Excise Department deputed to supervise excise work in the Chemical Works.
7. "Approved Manufacturer" means a person to whom a licence has been granted in Form M.C. 12 for the manufacture of medicinal and other preparations in bond.

Section B Licenses and Licensed Premises

8. Any person desiring to use rectified spirit of Indian manufacture for the manufacture of medicinal and other preparations under bond must apply in writing to the Collector of the district giving the following particulars :-
 - (a) name or names and addresses of the applicant ;
 - (b) the situation of the Chemical Works ;
 - (c) the maximum quantity of proof spirit likely to be in stock at any once time on the licensed premises ;
 - (d) the amount of the security which the applicant is prepared to furnish as a guarantee for the performance of the conditions under which the privilege is granted ; and
 - (c) a correct plan of the buildings to be used. The plan shall be submitted in duplicate, drawn to scale on tracing cloth, showing the plan and elevation of the premises and the position of the spirit store, laboratory and warehouse and the exact

positions and dimensions of all permanent vessels for the storage of rectified spirit or medicinal or other preparations and of all compounding tables, almirahs, safes, sinks and all important details connected with the Chemical Works or with the vessels in it.

9. In case the application is granted no further alterations will be made in the building or plant without the previous sanction of the Financial Commissioner.

10. The application shall be forwarded by the Collector through the Commissioner for the consideration of the Financial Commissioner, who if he accepts the application, will fix the nature and amount of security, which each applicant (subsequently referred to as the approved manufacturer) will be required to give for the due execution of these rules and the payment of all sums chargeable against him. The Financial Commissioner may at any time require a change in the security if the amount originally fixed should prove unsuitable.

11. Each application for the grant of a license in Form M.C. 12 shall include a list of spirituous preparations of which the manufacture is proposed before submitting such list to the Collector the applicant shall get it approved and certified by the Inspector-General of Civil Hospitals, Punjab. The list will be divided under the following :-

- (a) Medicinal preparations,
- (b) Toilet preparation,
- (c) Non-medicinal essences,
- (d) Perfumed spirit, and
- (e) Miscellaneous if necessary.

The Excise and Taxation Commissioner, Punjab reserves the right to exclude any preparations from one head to another.

12. A license in Form M.C. 12 may be granted by the Deputy Excise and Taxation Commissioner subject to Rule 10 above for a period not exceeding one year, ending on 31st March. It may be renewed from year to year by the Deputy Excise and Taxation Commissioner, who may, however, on sufficient cause shown, refuse to renew it or may at any time determine it. The license shall not be granted unless the approved manufacturer has furnished the security fixed under Rule 10 in cash or in Government promissory notes or a Banker's Guarantee in Form M.C. 14 or the National Savings Certificates.

The grant or renewal of a license may be refused if any previous license of the applicant or of any person with whom the applicant has been working as a partner has been cancelled or if the applicant or any person with whom he has been working as a partner has been convicted of any offence under the Punjab Excise Act 1 of 1914 or the rules made there under or if the Deputy Excise and Taxation Commissioner is satisfied that the application has been made only for the purpose of enabling any such person to carry on the business as a licensee.

13. Sales under this license shall only be of such preparations as the Financial Commissioner may approve and sales of medicinal preparations duty free shall only be made to such Government and charitable hospitals and dispensaries as have been approved by the Punjab Government.

14. The license shall be granted subject to the payment of such fees as the Financial Commissioner may decide.

15. If the approved manufacturer goes out of business he shall dispose of his stock of rectified spirit and unissued preparations in such manner as the Financial Commissioner may direct.

- 16.** The approved manufacturer shall not transfer or divide his interest in the business without the previous permission of the Financial Commissioner.
- 17.** The Chemical Works shall, at all times, be open to inspection by authorised Government servants who may take any necessary samples for analysis.
- 18.** The cost or a portion of the cost of the Excise staff required for supervision may be charged to the approved manufacturer, as the Financial Commissioner may direct.
- 19.** Work in the Chemical Works shall only be carried on during such hours as may be fixed by the Financial Commissioner. The works shall only be opened in the presence of the Officer-in-charge appointed to supervise them. The weekly holidays observed by factories under the Factories Act (LXIII of 1948) shall be observed as close days. The approved manufacturer, or his manager shall be free to allow special holiday on special occasions.
- 20.** Only the approved manufacturer or his manager and such servants as are required to be there, shall enter the Chemical Works. The approved manufacturer shall furnish to the officer-in-charge a list containing the names of the manager, or assistant manager employed by him and of all the employees whose duties require them to enter the Chemical Works. He should inform the officer-in-charge of any changes which are to be made in the list. The officer-in-charge shall forward a copy of such list to the Collector.
- 21.** If the licensee from any cause, physical or mental, becomes incapable of carrying on business, or dies, or becomes insolvent, or (in the case of a company) is wound up, the Collector may either (1) cancel the license or (2) continue it in the name of the legal representative of the licensee. Neither the licensee nor any other person shall be entitled to any compensation or damages whatsoever in respect of the revocation, cancellation or determination of the license.

Section C ***Manufacture***

- 22.** No preparation, other than those previously approved by the Financial Commissioner, shall be manufactured under these rules
- 23.** Rectified spirit and absolute, alcohol obtained or prepared under these rules shall not be sold to public or trade, provided that transfer from one Chemical Works to another may be made with the special sanction of the Financial Commissioner.
- 24.** Rectified spirit may be obtained in bond without pre-payment of duty from any distillery in the Punjab or elsewhere in quantities not less than 45 litres at a time, under a permit issued by the Collector of the district of destination. In any case, however the quantity in the possession of the approved manufacturer shall not exceed a limit fixed by the Financial Commissioner and an unnecessarily large stock of spirit shall not be carried by the approved manufacture.
- 25.** Immediately on receipt of the consignment, the officer-in-charge shall enter in ink upon the pass the bulk litres, strength and proof litres found by him after gauging and proving as well as the transit wastage in proof litres for each vessel. The passes shall be retained along with other accounts and kept in a special book file. The Financial Commissioner after considering the monthly return furnished under Rule 44, may call upon the approved manufacturer to pay duty at such rate not exceeding the tariff rate, as he thinks fit on the whole or any part of the wastage which may appear excessive or due to theft or fraud.
- 26.** Rectified spirit shall be emptied forthwith into locked vessels in the spirit store of the Chemical Works. Each such vessel shall be fixed and gauged and shall be marked with words "Rectified spirit..Store Vessel", the capacity of the vessel and a distinctive number. Tables shall be compiled to show the contents[of each centimetre and millimetre] of its depth in register Form D 6. Excise ticketed locks shall be placed on the mandoor and discharge cocks of such vessels. The officer-in-charge must take the dip in each store

once vessel every time the spirit is issued as a check on loss or abstraction. The dip thus taken must be entered in the diary in Form D 9 and the prescribed account in Form M.C. 1.

27. The charging and discharging pipes of spirit store vats, and all vessels used for the store of spirit, all manddoors of such vats or vessels, and the doors of spirit store, laboratory and the warehouse shall be so fitted as to enable them to be closed with two locks, the keys for which are not interchangeable, and of which one lock shall be a revenue lock (ticketted) in charge of the officer-in-charge and the other a lock in charge of the approved manufacturer. The keys of all the revenue locks shall be kept by the officer-in-charge in whose absence no door or vessel in the Chemical Works may be unlocked or remain unlocked.

28. Any distillery or converting apparatus which may be erected shall be locked with ticketted locks; and the reservoirs, trap vessels, worms, etc. in which potable spirit may be contained or received shall be so constructed as to prevent abstraction of spirit before the officer-in-charge has taken an account of it.

29. No spirit shall be removed from any store vessel until an account of the quantity and strength has been taken by the officer-in-charge.

30. Wherever any preparation is to be manufactured, the spirit required for such preparation shall be obtained from the spirit store for the manufacture of particular preparations. The spirit thus obtained shall be added without delay in the presence of the officer-in-charge to the respective materials to be treated ; and to every percolator or other vessel in which the spirit is placed, there shall be attached a label in Form M.C. 8 showing the description of the preparations, the date with the quantity and strength of all spirit placed in it from time and the date on which any of the finished products were removed to stock with the quantity so removed.

31. Spirit recovered from residues shall be either.

(a) transferred to a gauged and locked vessel kept for the purpose and thence removed for use as required ; or

(b) used at once in continuation of the process from which it was obtained ; or

(c) destroyed in the presence of the officer-in-charge, who shall certify in red ink in the diary in form D-9, its quantity and apparent strength except where the quantity exceeds 4.456 litres, in which case the previous approval of the Financial Commissioner should be obtained ; or

(d) kept for use in some special way approval by the Financial Commissioner.

32. If it is not intended to recover from the residues the contained spirit, the residues must be destroyed in the presence of the officer-in- charge who will record this as directed in Rule 31.

33. In cases in which it is necessary to use some quantity of the finished preparation instead of, or in addition to rectified spirit, the quantity so required shall be taken from the warehouse and added in the presence of the officer-in-charge without delay to the materials to be treated. Such quantity shall be shown separately in columns 2, 3 and 4 of form M.C. 3 with a reference to the number of the batch from which it was taken and on the label attached to the percolator or other vessel. It shall also be shown in Form M.C. 4, the entry in column No. 8, being "used in manufacture of...". It shall, however, be deducted from the monthly total of column No. 1 of Form M.C. 3 since the spirit contained in it is replaced in stock and is not shown as issued in Form M.C. 7.

34. (1) The finished preparations shall be kept separate from those in the course of preparation and be stored in a separate store room approved for the storage of finished preparations, called the "Warehouse". The door of the warehouse must be fastened with

Excise ticketed locks. The words "Warehouse for bonded medicinal and other preparations" must be painted on the doors in which these preparations are allowed to be stored. Similarly, the words "Spirit Store" and "Laboratory" shall be painted on the doors of the rooms set apart as such.

(2) Finished preparations may be stored -

(a) in bulk, in jars or bottles containing not less than litre and 136 millilitres, or

(b) stored ready for issue in bottles of not less than 57 millilitres capacity, every bottle containing not less 57 millilitres of preparation.

(3) Every preparation stored, in bulk must be measured into the storage vessels to the nearest millilitres by the officer-in-charge, who must then close and seal the vessel with his official seal.

(4) The description, quantity and true strength of the preparation must then be recorded on a label in Form M.C. 8, by the approved manufacturer or his agent and each label must also bear the distinctive serial number corresponding with the number entered in the prescribed register (Form M.C. 3).

(5) In the case of preparations stored in bulk the label on every vessel must be signed and dated by the officer-in-charge.

(6) When any of the contents of a vessel referred to in clause (2)(a) has been removed, the officer-in-charge must enter on the label attached there to the quantity taken out and the manner of disposal with his signature and date. Finished preparations shall only be removed from the warehouse in accordance with an application in form M.C. 6. The approval manufacturer must state in Form M.C. 6 the number of bottles or jars in which each preparation is contained and the bulk quantity to be removed.

(7) Sub-rule (4) must be followed in respect of preparations referred to in sub-rule (2)(b), but the contents of bottles are to be checked at the time of issue according to the following scales :-

Whenever the number of bottles in any consignment does not exceed 100, the officer-in-charge is to measure one in every 25 and fraction of 25 up to 50 and one in any remaining number up to 100. When the number exceeds 100 three bottles are to be measured in the first 100 and one in every 50 and fraction of 50. A large proportion should be measured, should the officer-in-charge consider it necessary. The officer-in-charge must certify in Form M.C. 6 the number of bottles issued and how many were checked on measurement. Only standard[litre measures] and graduated glass measures, approved by the Financial Commissioner are to be used in gauging preparations.

35. Samples of any finished preparation may at the time of its removal to the warehouse be taken for despatch to the Chemical Examiner for analysis and test of the amount of proof spirit contained therein. Not less than ten per cent of the preparation issued from the Chemical Works in the month should thus be sampled. The officer-in-charge is responsible for ensuring that not less than this percentage of issue is sampled monthly. The following procedure shall be observed in sampling the preparation :-

(1) A sample shall be not less than 85 millilitres.

(2) Every sample must be taken in duplicate personally by the officer-in-charge. The cork of every bottle must be sealed by him with a revenue seal and the name of every preparation must be stated on a label affixed to each bottle. The duplicate samples should be kept under excise lock until the result of analysis has been reported, unless specially asked for by the Chemical Examiner to replace the original samples or to repeat an analysis. Duplicate samples to which no further reference can be needed may be returned to the approved manufacturer.

(3) The sample must be placed in a case and securely fastened with tap or wire provided by the approved manufacturer and be sealed by the officer-in-charge with a revenue

seal and delivered without delay at the expense of the approved manufacturer to the Chemical Examiner.

(4) An advice letter in Form M.C. 9 must be despatched to the Chemical Examiner at the same time.

36. The approved manufacturer must submit, if required, samples of all or any of his medicinal preparations to such medical officer as a Government may designate for test, and must agree to abide by any rules drawn up by the medical officer of Government authorised in this behalf with a view to ensuring the efficacy and purity of the medicinal preparations produced in the Chemical Works.

37. At the time of issue the approved manufacturer shall declare the strength of the finished preparations and all calculations of duty on rectified spirit contained in finished preparations from the warehouse shall be made according to the strength declared by the approved manufacturer unless the result of the Chemical Examiner has been received before issue. If the strength of a sample actually found by the Chemical Examiner does not exceed the declared strength by three degrees, then no correction need be made in the strength of the preparation shown in the registers, but if the actual strength exceeds the declared strength by 3 degrees or more, then the strength of the preparation as well as the quantity shown in proof litres shall be corrected accordingly. A surcharge of duty shall be levied in the latter case if any issues have been allowed from the particular batch before the receipt of the Chemical Examiner's report. No refund will be allowed if the strength declared by the approved manufacturer is found higher than the actual strength reported by the Chemical Examiner. At the close of each month the Officer-in-charge shall make a list giving the name of the preparations, number of litres manufactured, batch number, declared strength and strength found on analysis during the month in regard to which strength found by the Chemical Examiner exceeded the declared strength by three degrees or more. The list shall be sent by Deputy Commissioner immediately through the Commissioner to the Financial Commissioner who may impose a penalty to the extent of 10 times the shortage of duty on quantity manufactured.

Section D

Issue of tinctures, Extracts and other preparations

38. An account of all medicinal or other preparation received into and issued from the warehouse shall be maintained in Form M.C. 4. All issues shall be made only on application by the approved manufacturer in Form M.C. 6 which shall be accompanied by a treasury receipt in token of payments of the prescribed duty on the preparations concerned.

The officer-in-charge, after satisfying himself that the amount of duty had been paid into the treasury or has been duly accounted for, shall issue the preparation applied for and grant the transport or export pass in form L- 46 in accordance with the provisions contained in the Punjab Liquor Import, Export, Transport and Possession Orders and the Punjab Liquor Permit and Pass Rules :

Provided that except in the case of sample no such transport or export pass shall be issued in the name of the approved manufacturer himself.

Provided further that the issue of manufactured drugs other than prepared opium shall be subject to the provisions of Rules 18 and 19 of the Punjab Manufactured Drugs Rules, published in Punjab Government Notification No. 6400 E&S., dated the 30th November, 1932.

38A. When the licensee proves to the satisfaction of the Collector that any medicinal preparations containing rectified spirit, after having been issued under a pass from the bonded warehouse, without payment of duty, on an indent signed by a Civil Surgeon or any other competent authority, have been returned to him in full and with seals intact the

Collector shall after such enquiry as he may consider necessary, allow the returned medicinal spirituous preparation to be taken back on the stock of the licensee. The officer-in-charge shall enter relevant register the full particulars of the preparations taken back and the orders of the Collector, the Officer-in-charge shall also maintain a separate file for such applications and orders of the Collector thereon. Details of returned preparation shall also be given in the remarks column of M.C. 11 to be submitted in accordance with Rule 44 of these rules.

39. The approved manufacturer may make an advance, deposit against payment of duty and issue of finished preparations may then take place so long as a sufficient balance is available. In this case the officer-in-charge shall keep an account in Form D-15.

40. All jars, bottles or other vessels and packages in which consignments are issued shall be sealed by the officer-in-charge with his official seal before they leave the warehouse. Every jar, bottle, other vessel or package shall bear a label in which the following particulars shall be specified in bold English printed character : (1) name of the approved manufacturer, (2) place and district as well as the State of manufacture, (3) the percentage of alcohol contained in such preparation, (4) pharmacopoeia governing the preparation along with its addition. Medicinal and other preparations put up in small bottles should be packed in boxes containing such number of bottles that the total proof spirit content of the preparation contained in each box is not less than 0.45 proof litres. These boxes shall be securely fastened and sealed by the officer-in-charge.

Section E

Accounts to be maintained & returns to be submitted

41. The officer-in-charge shall maintain a diary in Form D-9 in which he shall record from day to day all the relevant entries regarding operations carried on, in the Chemical Works.

42. The following registers shall be maintained by the approved manufacturer :-

- (a) M.C. 2. Stock Account of the Spirit used for making tinctures etc.
- (b) M.C. 3. Register of operations in the Laboratory.
- (c) M.C. 4. Stock account of each preparation.
- (d) M.C. 6. Application for pass for the removal of medicinal or other preparation from the Chemical Works.
- (e) M.C. 8. Labels.
- (f) M.C. 11. The Monthly Return.

43. The following registers shall be maintained by the officer-in-charge :-

- (a) M.C. 1. Vat Account of Spirit received in the Spirit Store.
- (b) M.C. 5. Account of spirit recovered in the Laboratory.
- (c) M.C. 7. Account of finished preparations issued from the warehouse.
- (d) M.C. 19. Advice of samples sent to the Chemical Examiner.
- (e) M.C. 10. Account of samples sent to the Chemical Examiner.
- (f) D-6. Table book of spirit vats.
- (g) D-19. Inspector's Diary.
- (h) D-15. Register regarding advance payment on duty.

44. At the end of each month the approved manufacturer shall deliver statement in form M.C. 11 and in form M.C. 13 in duplicate to the officer-in-charge, who shall after verification submit them to the Collector. The Collector shall forward one copy direct to the Financial Commissioner, the duplicate copy being sent to the Commissioner for information. The approved manufacturer shall also furnish such true statement as may be required by the Collector in the forms prescribed under the rules.

45. All registers and forms of the M.C. and D. series shall be printed and supplied by the approved manufacturer free of charge. Forms bounded together shall bear printed serial and consecutive numbers. Loose sheets of such forms as are necessary shall also be supplied to the officer-in-charge.

Section F

Stock-taking and Wastage

46. The stock of spirit in the spirit store shall be taken by the Officer-in-charge on the last working day of each month.

47. The stock of medicinal or other preparations containing rectified spirit in the warehouse shall be similarly taken.

[47A. If it is found that the wastage in any Chemical Works is excessive, or in the process of manufacture exceeds the following scale, the Financial Commissioner may, after considering the monthly statement furnished under Rule 44, call upon the approved manufacturer to pay duty at such rate, not exceeding the tariff rate, as he may deem fit on the whole or any part of the wastage which may appear to be excessive or due to theft or fraud :-]

(1) For medicinal preparations	Per cent (monthly average)
(a) Extract and concentrated infusions made directly by double percolation or distillation in vacuo, from crude drugs such as root, bark, leaf or thizome	20
(b) Tincture and other preparations made direct from crude drugs such as root, bark, leaf, rhizome, gum or resin	10
(c) Other tinctures and preparations.	5
(2) For non-medical preparations - ,	
(a) Essences made direct from crude drugs.	10
(b) All other preparations.	5

Provided that the rate of wastage allowed in case of preparations made in concentrated forms or extracts of particular forms of drugs will be only 5 per cent.

Provided further that the wastage to be allowed to Chemical Works equipped with automatic plants will be further reduced by 25 per cent of the amounts indicated above.

48. Nothing in these rules justifies the use on a label or, in an advertisement of words stating or implying that the preparation is sold under a Government guarantee as to contents or quality.

49. If a fire occurs in a Chemical Works the Collector should immediately cause an enquiry to be held by a gazetted officer in order to determine the liability of the licensee to pay duty on the spirit wasted. No duty will ordinarily be assessed on spirit on which

duty has not been paid; but if duty has been paid on any quantity of spirit contained in the preparations, although these have not left the Chemical Works, the Collector must satisfy himself that the spirit was really destroyed before any refund is paid. If such refund is to be paid, it shall be calculated on the actual quantity of spirit on which duty has been paid. Once preparations have passed out of the Chemical Works no refund of duty shall be paid upon them. The previous sanction of the Financial Commissioner is required before any such refund can be paid and if either duty is to be levied or refund is to be granted the Collector in his report should come to a clear finding whether the loss was due to the preventable causes, which should have been foreseen or guarded against by the licensee.

50. If the approved manufacturer infringes or causes or permits any person to infringe any of the conditions enumerated above or any of the conditions of his license, the Collector may revoke and determine the license and he may forfeit to Government the whole or any part of the security deposit :

Provided that if the infringement is of a minor nature, the license may be restored and the order forfeiting the security may be set aside on payment of a sum not exceeding Rs. 50 :

Provided further that if the manufacture is declared to be sub-standard preparation by the Medical Officer designated under Rule 36 the license may be restored and the order forfeiting the security may be set aside on payment of a sum of Rs. 50 in the first instance Rs. 100 in the second, Rs. 200 in the third and Rs. 500 for each subsequent sub-standard manufacture.

51. The Financial Commissioner reserves to himself the right of adding to altering, revising or changing these rules from time to time either after or without consulting the licensee of a Chemical Works, and the licensee shall carry out all orders and instructions issued in these rules, in their original or revised form, so long as he holds his licence.